

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION**

IN RE:

Case No. 20-51066-MAR

HENRY FORD VILLAGE, INC.,

Chapter 11

Debtor.

Honorable Mark A. Randon

**NOTICE OF AUCTION RESULTS AND PROPOSED SALE OF ASSETS
TO THE SUCCESSFUL BIDDER HFV OPCO, LLC**

**YOUR RIGHTS MAY BE AFFECTED. YOU SHOULD READ THESE
PAPERS CAREFULLY AND DISCUSS THEM WITH YOUR ATTORNEY,
IF YOU HAVE ONE IN THIS BANKRUPTCY CASE. (IF YOU DO NOT
HAVE AN ATTORNEY, YOU MAY WISH TO CONSULT ONE.)**

PLEASE TAKE NOTICE OF THE FOLLOWING:

Henry Ford Village, Inc., as debtor and debtor-in-possession (the “**Debtor**” or “**HFV**”) in the above-captioned chapter 11 case (the “**Bankruptcy Case**”), hereby files this *Notice of Auction Results and Proposed Sale of Assets to the Successful Bidder HFV Opco, LLC* (the “**Notice**”), as required by the Order (the “**Bid Procedures Order**”) approving the bidding procedures (the “**Bidding Procedures**”), including, but not limited to, setting an auction (the “**Auction**”) for the sale of substantially all of the Debtor’s assets (the “**Assets**”) to a prevailing bidder or bidders free and clear of all liens, claims, encumbrances, and other interests pursuant to 11 U.S.C. § 363. *See* ECF No. 179.¹

Obtaining copies of sale documents:

Copies of all pleadings filed in the case may be obtained free of charge (a) by visiting the website maintained by the Debtor’s claims and noticing agent in this Chapter 11 Case at <https://www.kccllc.net/HFV> or (b) for a fee via PACER

¹ Capitalized terms used herein but not otherwise defined shall have the meaning ascribed in the Bid Procedures Order or the Bidding Procedures, as appropriate.

by visiting <http://www.pacer.gov>. This includes the sale related documents referred to herein.

Auction Results: On May 4, 2021, the Debtor, through their professionals, hosted the virtual Auction, pursuant to the Bid Procedures Order, seeking the highest or best offers for the acquisition of the Debtor's Assets. Two Qualified Bidders participated in the Auction. After a sealed bid process was implemented with both Qualified Bidders submitting their final highest and best offers, and after consulting with the Consultation Parties, the following results were announced with respect to the sale of the Debtor's Assets:

Successful Bid

Successful Bidder: HFV OPCO, LLC, an affiliate of Sage Healthcare Partners

A copy of the Asset Purchase Agreement of the Successful Bidder **along with the proposed Sale Order filed as Exhibit D to the APA** (the "Successful Bidder APA") can be found at ECF No. 396.

Backup Bid

Backup Bidder: HFV SENIOR LIVING, LLC, an affiliate of MED Healthcare Partners

A copy of the Asset Purchase Agreement of the Backup Bidder, which was also the Stalking Horse Agreement (the "Stalking Horse APA"), can be found on the docket in this Chapter 11 Case at ECF No. 355 with the disclosure schedules thereto at ECF No. 380.

A comparison chart of the Successful Bid and Backup Bid

A comparison chart of the Successful Bid and Backup Bid along with additional information regarding the Transaction, including answers to certain questions provided to the Bidders regarding continued operation of the Debtor's Assets is attached hereto as **Exhibit A**. All parties in interest are encouraged to review the Successful APA and the Stalking Horse APA, which documents shall control in the event of a conflict with any summarized terms provided herein.

Sale Hearing:

PLEASE TAKE NOTICE that a hearing will be held to approve the sale of the Assets to the Successful Bidder (the "Sale Hearing") before the Honorable Mark A. Randon in the U.S. Bankruptcy Court for the Eastern District of Michigan, or any

judge sitting in his stead, on **May 24, 2021 at 10 a.m. (prevailing Eastern time)**, or at such time thereafter as counsel may be heard or at such other time as the Bankruptcy Court may determine. The Sale Hearing may be adjourned from time to time without further notice to creditors or parties in interest other than by announcement of the adjournment in open court on the date scheduled for the Sale Hearing or on the agenda for such Sale Hearing.

OBJECTIONS DEADLINE:

OBJECTIONS, IF ANY, TO THE RELIEF REQUESTED IN THE MOTION RELATING TO THE SALE MUST BE IN WRITING, FILED WITH THE COURT, AND BE SERVED SO THAT IT IS ACTUALLY RECEIVED NO LATER THAN MAY 21, 2021 AT 4:00 P.M. (PREVAILING EASTERN TIME). Objections shall be served on (a) counsel for the Debtor, Dykema Gossett PLLC, Attn: Sheryl L. Toby, 39577 Woodward Avenue, Suite 300, Bloomfield Hills, Michigan 48304, stoby@dykema.com and Danielle N. Rushing, drushing@dykema.com; (b) counsel for the Bond Trustee, Mintz Levin, Attn: Daniel Bleck, dsbleck@mintz.com and Eric Blythe, erblythe@mintz.com; (c) the Office of the United States Trustee for the Eastern District of Michigan, Attn: Leslie Berg, leslie.k.berg@usdoj.gov; and (d) counsel to the Committee (i) Perkins Coie, Attn: Eric E. Walker, ewalker@perkinscoie.com and Kathleen Allare, kallare@perkinscoie.com, and (ii) H. William Burdett, Jr. bburdett@HowardandHoward.com.

Dated: May 6, 2021.

Respectfully submitted,

DYKEMA GOSSETT PLLC

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***COUNSEL FOR THE DEBTOR AND
DEBTOR-IN-POSSESSION***

EXHIBIT A

	APA Comparison	Question	Back-Up Bidder (MED)	Winning Bidder (Sage)
1.			The Stalking Horse Bidder is a newly-formed subsidiary/affiliate of MED Healthcare Partners (“MED”). MED and/or its affiliates currently manage and operate 5 continuing care retirement communities, 150 skilled nursing facilities, and 20 assisted living and memory care facilities across the country.	<p>The Successful Bidder is a newly formed subsidiary/affiliate of Sage Healthcare Partners ("Sage").</p> <p>Sage is a premier operator of senior housing and healthcare facilities. It was founded on the principles of providing high-quality resident-focused care, with genuine diligence and dedication, and to create a work environment of equal caliber. Sage owns, operates, manages and consults across the full continuum of care in the senior housing and healthcare space, specializing in independent living, as well as continuing care retirement communities, assisted living, skilled nursing and memory care.</p> <p>Sage understands that every decision it makes will have a direct impact on the lives and wellbeing of all residents of HFV, as well as the employees. The most important consideration to Sage is maintaining the existing quality of life for Henry Ford Village residents.</p>
2.	2.6a	Purchase Price	\$69,000,000	\$76,355,000
3.	2.6b	Deposit	\$6,900,000	\$7,635,000

4.	5.7(e)	Treatment of Former Employees	i) Buyer shall offer immediate employment (so that no period of unemployment shall occur between employment with Seller and employment with Buyer) to a sufficient number of Seller’s employees to ensure that there will be no violation of the WARN Act.	i) Buyer shall offer immediate employment (so that no period of unemployment shall occur between employment with Seller and employment with Buyer) to a sufficient number of Seller’s employees to ensure that there will be no violation of the WARN Act. ii) In addition, Buyer agrees that it will continue to employ all Transferred Employees that provide direct care to the residents for a period of not less than twelve (12) months from the Closing Date, subject to such employee’s compliance with law and policies and procedures.																																				
5.	5.14(a)	Current Resident Entrance Fee Refund Program	<table><tr><th>Length of Stay after Closing Date</th><th>Percentage of Entrance Fee Refund Liability Paid to Resident Upon Move-Out</th></tr><tr><td>1 Year</td><td>8%</td></tr><tr><td>3 Years</td><td>12%</td></tr><tr><td>5 Years</td><td>20%</td></tr><tr><td>7 Years</td><td>28%</td></tr><tr><td>9 Years</td><td>36%</td></tr><tr><td>11 Years</td><td>44%</td></tr><tr><td>13 Years</td><td>52%</td></tr><tr><td>15 Years</td><td>60%</td></tr></table>	Length of Stay after Closing Date	Percentage of Entrance Fee Refund Liability Paid to Resident Upon Move-Out	1 Year	8%	3 Years	12%	5 Years	20%	7 Years	28%	9 Years	36%	11 Years	44%	13 Years	52%	15 Years	60%	<table><tr><th>Length of Stay after Closing Date</th><th>Percentage of Entrance Fee Refund Liability Paid to Resident Upon Move-Out</th></tr><tr><td>1 Year</td><td>8%</td></tr><tr><td>3 Years</td><td>12%</td></tr><tr><td>5 Years</td><td>22%</td></tr><tr><td>7 Years</td><td>30%</td></tr><tr><td>9 Years</td><td>38%</td></tr><tr><td>11 Years</td><td>46%</td></tr><tr><td>13 Years</td><td>54%</td></tr><tr><td>15 Years</td><td>60%</td></tr></table> <p>In addition, Buyer will prepay 5% of the Entrance Fee Refund Liability to the Eligible Current Entrance Fee Residents within 120 days of the Closing Date, which amount will be decreased from the total amount owed to such Eligible Current Entrance Fee Resident upon move-out.</p>	Length of Stay after Closing Date	Percentage of Entrance Fee Refund Liability Paid to Resident Upon Move-Out	1 Year	8%	3 Years	12%	5 Years	22%	7 Years	30%	9 Years	38%	11 Years	46%	13 Years	54%	15 Years	60%
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6.	5.15	Commitment to Benevolence Care	<p>i) Continue to offer care to residents for free or at reduced charges provided such residents meet Buyer's benevolence care guidelines. Buyer shall establish an independent, charitable, tax-exempt foundation under Section 501(c)(3) of the Internal Revenue Code (the "Foundation") to raise funds with which to continue the charitable mission of Seller by providing free or reduced charge care to Residents in need who meet Buyer's benevolence care guidelines.</p> <p>Buyer shall offer at least two (2) seats on the Board of Directors of the Foundation to officers or directors of Seller.</p>	<p>i) Continue to offer care to residents for free or at reduced charges provided such residents meet Buyer's benevolence care guidelines. Buyer shall establish an independent, charitable, tax-exempt foundation under Section 501(c)(3) of the Internal Revenue Code (the "Foundation") to raise funds with which to continue the charitable mission of Seller by providing free or reduced charge care to Residents in need who meet Buyer's benevolence care guidelines.</p> <p>Buyer shall offer at least two (2) seats on the Board of Directors of the Foundation to officers or directors of Seller. (above two sections the same as Med) In addition: (i) Buyer, while it remains the licensed operator, shall commit to contribute not less than \$100,000 annually to the Foundation.</p> <p>ii) Buyer agrees to give preferential placement to all current residents of the independent living facility into the assisted living and/or skilled nursing facilities.</p>
7.	5.20	Capital Improvements	Not included as a question in the Stalking Horse Notice.	Added as language to the APA, Buyer commits to invest not less than Four Million Dollars (\$4,000,000) to capital improvements within two years of the Closing Date.

	Additional Questions to Qualified Bidders:	Question	Back-Up Bidder (MED)	Winning Bidder (Sage)
8.	Current Resident Question	Will the entrance fee model be maintained or will the facility be turned to a rental facility?	The Facility will convert to a rental model facility. Residents, when the Transaction closes, will have the right to have their contracts assumed and modified to The rental model. The bidder intends to operate the Facility as a rental Facility consistent with The standards and levels of care provided by The Debtor prior to The Closing Date.	Same Response as MED
9.	Current Resident Question	Will my monthly rental rate increase if I sign the modified rental agreement (the “MRA”)?	The monthly rental amount being charged to a resident (as of the Closing Date) will remain the same, and for a period of three (3) years from the Closing Date shall not increase except for a standard annual cost of living adjustment, consistent with the consumer price index for urban wage earners and clerical workers.	Same Response as MED
10.	Future Resident Question	Treatment of Future Resident Monthly Rental Amount	Future residents will be charged market-level rates and receive market-level annual increases. These market-level rates may be higher than existing residents’ rates but will be consistent with rates charged by comparable communities in the Debtor’s general market.	Same Response as MED
11.	Current and Future Resident Question	What will monthly rates be for higher levels of care (Assisted Living, Managed Care, Skilled Nursing Facility) under the new APA?	Level of care charges, like rental charges, will be consistent with comparable facilities in the Debtor’s general market. Market-level increases to level of care charges will also be applied on an annual basis.	Same Response as MED

12.	Current and Future Resident Question	Does the bidder plan on changing any of the amenities, activities, care, or other offerings?	Increase programmatic activities to enhance all residents' experiences and will uphold HFV's commitment to the health, safety, and lifestyle of HFV residents.	Same Response as MED
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Other Summary information provided by Debtor regarding anticipated questions:

	Question:	Response:
13.	Current Resident Question: I entered the HFV community under an entrance fee contract after June 10, 2020, will the bidder be entitled to issue a refund of entrance fee if I sign the MRA?	Residents who submitted entrance fee deposits between June 10, 2020 and March 26, 2021 (“Escrowed Residents”) will receive the unearned portion of their entrance fee refunds, which are currently held in escrow. They will also be eligible to sign an MRA with the same benefits discussed herein.
14.	General Unsecured Creditor Question: Will I receive a distribution on my unsecured claim?	Assuming the sale closes, based on the cash purchase price of \$76,355,000 and the current projections of obligations that must be paid pursuant to Bankruptcy Code requirements, it appears there will be some distribution to unsecured creditors although a commitment to that effect cannot be made until certain Bankruptcy Code processes occur and are approved by the Court.